

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | ELIZABETH FONTAINE | JAMES M. MACHADO | ROBERT B. MCCARTHY

## MEMORANDUM

TO: Essex Regional Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule and Revised Appropriation for Fiscal Year 2017

DATE: June 8, 2016

Revised Appropriation for FY17: **\$29,978,488**

This Commission is hereby furnishing you with the revised amount to be appropriated for your retirement system for Fiscal Year 2017, which commences July 1, 2016. We have reviewed the calculations prepared by your actuary and this schedule is acceptable. A copy of the revised schedule is enclosed.

This amount revises the appropriation amount shown in our November 30, 2015 letter to reflect that Essex Technical High School (Essex Tech), as the successor agency of Essex Agricultural and Technical School and now a member of the Salem Retirement System, will be appropriating to the Essex Regional Retirement System \$421,947 per year from FY17 through FY33 for the unfunded actuarial liability for its retirees in the Essex Regional Retirement System.

We have attached the breakout by governmental unit for the revised appropriation amount. The attachment was prepared by Stone Consulting, Inc. This exhibit provides the amounts owed in equal installments payable on July 1 and January 1 and also the amount of the lump sum payable on July 1. Note that the Essex Tech appropriation is not included in the allocation.

Note that this schedule reflects pending legislation. If necessary, we will issue a revised appropriation letter based on the final legislation.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666 - 4446, extension 921.

Attachments



**ESSEX REGIONAL CONTRIBUTORY RETIREMENT SYSTEM**  
**FUNDING SCHEDULE - includes Aggie appropriations**

Fiscal Year	Normal Cost	Unfunded Liability*	Funding Amortization of UAAL	Net 3(8)(c) Payments	Schedule Contribution**	ETHS Payments <sup>+</sup>	ERRS Adjusted Payments <sup>+</sup>
2016	5,534,881	371,254,733	21,239,038	1,108,883	27,882,801	-	28,419,207
2017	5,756,276	373,608,180	22,969,439	1,108,883	29,834,597	421,947	29,978,488
2018	5,986,527	376,011,075	24,827,609	1,108,883	31,923,019	421,947	32,107,086
2019	6,225,988	372,902,327	26,822,760	1,108,883	34,157,631	421,947	34,384,687
2020	6,475,028	369,965,509	28,964,754	1,108,883	36,548,665	421,947	36,821,719
2021	6,734,029	368,280,815	31,264,160	1,108,883	39,107,071	421,947	39,429,344
2022	7,003,390	363,977,988	32,627,227	1,108,883	40,739,500	421,947	41,093,177
2023	7,283,526	357,858,821	33,976,672	1,108,883	42,369,080	421,947	42,754,107
2024	7,574,867	349,792,722	35,380,094	1,108,883	44,063,843	421,947	44,481,474
2025	7,877,862	339,565,638	36,839,653	1,108,883	45,826,397	421,947	46,277,935
2026	8,192,976	326,944,065	38,357,594	1,108,883	47,659,453	421,947	48,146,255
2027	8,520,695	311,673,388	39,936,253	1,108,883	49,565,831	421,947	50,089,308
2028	8,861,523	293,476,106	41,578,059	1,108,883	51,548,464	421,947	52,110,083
2029	9,215,984	272,049,891	43,285,536	1,108,883	53,610,403	421,947	54,211,689
2030	9,584,623	247,065,503	45,061,313	1,108,883	55,754,819	421,947	56,397,359
2031	9,968,008	218,164,525	46,908,121	1,108,883	57,985,012	421,947	58,670,457
2032	10,366,728	184,956,916	48,828,801	1,108,883	60,304,412	421,947	61,034,477
2033	10,781,397	147,018,364	50,826,308	1,108,883	62,716,589	421,947	63,493,059
2034	11,212,653	103,887,420	52,903,716	1,108,883	65,225,252	-	66,480,048
2035	11,661,159	55,062,401	55,062,401	1,108,883	67,832,443	-	69,137,396
2036	12,127,606	-	-	1,108,883	13,236,489	-	13,491,131

**Amortization of Unfunded Liability as of July 1, 2015**

Year	Type	Original Amort. Amount	Percentage Increasing	Original # of Years	Current Amort. Amount	Years Remaining
2003	2002 ERI	4,357	4.50%	26	7,722	13
2003	2002 ERI	336,771	0.00%	17	336,771	4
2004	2003 ERI	4,229	4.50%	25	7,172	13
2004	2003 ERI	193,085	0.00%	17	193,085	5
2016	Fresh Start	N/A	N/A	20	N/A	20

\* Includes recognition of asset/gains and losses in Fiscal 2017 through 2020:  
 2017 : \$4,408,771 ; 2018 : \$2,678,766 ; 2019 : \$6,375,816 ; 2020 : \$3,800,424

\*\* Contribution is set to be the amount resulting from a 7% increase on last year's contribution, with 7% increases for another five years, a 4.17% increase in FY2022 and 4% increases thereafter.

+ Aggie payments are assumed July 1st; ERRS payments are assumed 50% July 1st and 50% January 1st

**Notes on Amortization of Unfunded Liability**

**Year** is the year the amortization base was established. **Type** is the reason for the creation of the base.  
**Original Amortization Amount** is the annual amortization amount when the base was established.  
**Percentage Increasing** is the percentage that the Original Amortization Amount increases per year.  
**Original # of Years** is the number of years over which the base is being amortized.  
**Current Amortization Amount** is the amortization payment amount for this year.  
**Years Remaining** is the number of years left to amortize the base.

# Essex Regional Retirement System FY17 Appropriation by Governmental Unit

Aggregate amount for appropriation for the Pension Fund:	\$29,433,068
Aggregate amount for appropriation for the Pension Reserve Fund:	\$0
Aggregate additional appropriation for the E.R.I.:	\$545,420

UNIT	PEN.FND. APP %	PENSION FUND APPROP.	PENSION RES. FUND APPROP.	ADD'L. APP. FOR E.R.I.	TOTAL APPROP.	APPROP PAID JULY 1
Agricultural School	0.00%	0	0		0	0
Retirement Board	0.36%	105,959	0		105,959	103,959
Town of Boxford	3.67%	1,080,194	0		1,080,194	1,059,806
Town of Essex	1.73%	509,192	0		509,192	499,581
Town of Georgetown	5.14%	1,512,860	0	79,349	1,592,209	1,562,156
Town of Groveland	2.15%	632,811	0	7,495	640,306	628,220
Town of Hamilton	2.75%	809,409	0		809,409	794,132
Town of Ipswich	10.36%	3,049,266	0		3,049,266	2,991,712
Town of Lynnfield	7.88%	2,319,326	0	145,516	2,464,842	2,418,319
Town of Manchester	3.45%	1,015,441	0		1,015,441	996,275
Town of Merrimac	2.45%	721,110	0	45,935	767,045	752,567
Town of Middleton	5.08%	1,495,200	0		1,495,200	1,466,978
Town of Nahant	2.14%	629,868	0		629,868	617,979
Town of Newbury	1.96%	576,888	0		576,888	565,999
Town of North Andover	15.13%	4,453,223	0		4,453,223	4,369,169
Town of Rockport	5.45%	1,604,102	0	7,978	1,612,080	1,581,652
Town of Rowley	2.86%	841,786	0		841,786	825,898
Town of Salisbury	3.70%	1,089,023	0	102,456	1,191,479	1,168,990
Town of Topsfield	3.54%	1,041,931	0		1,041,931	1,022,265
Town of Wenham	2.04%	600,435	0		600,435	589,102
Town of West Newbury	1.88%	553,342	0	29,416	582,758	571,759
East.Essex Vet.Dist.	0.09%	26,490	0		26,490	25,990
No.And.-Box.Vet.Dist.	0.00%	0	0		0	0
North Essex Vet.Dist.	0.00%	0	0		0	0
Byfield Water Dist.	0.07%	20,603	0		20,603	20,214
Lynnfld.Ctr.Wat.Dist.	0.24%	70,639	0		70,639	69,306
Lynnfield Water Dist.	0.23%	67,696	0		67,696	66,418
NE Mass Mosq.Cont.	0.51%	150,109	0		150,109	147,276

In accordance with your funding schedule, appropriations are due July 1 and January 1. Whenever payments are made at a date one month or more before the scheduled date or whenever payments are made one month or more after the scheduled date, PERAC's actuary should be contacted so that a revised amount can be calculated. Payments will be adjusted with interest at the rate assumed in the actuarial valuation used as the basis for your schedule. In no case may payments be made at a date beyond this fiscal year.

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<u>UNIT</u>	<u>PEN.FND. APP %</u>	<u>PENSION FUND APPROP.</u>	<u>PENSION RES. FUND APPROP.</u>	<u>ADD'L. APP. FOR E.R.I.</u>	<u>TOTAL APPROP.</u>	<u>APPROP PAID JULY 1</u>
Ham.-Wen.Reg.School	2.85%	838,842	0		838,842	823,009
Man-Essex Reg. School	1.73%	509,192	0		509,192	499,581
Masconomet Reg.School	1.75%	515,079	0		515,079	505,357
Pentucket Reg.School	3.58%	1,053,704	0	37,680	1,091,384	1,070,784
Triton Reg.School	3.39%	997,781	0	30,710	1,028,491	1,009,079
Essex Housing Authority	0.03%	8,830	0	4,084	12,914	12,670
Georgetown Hous.Auth.	0.16%	47,093	0		47,093	46,204
Groveland Hous. Auth.	0.09%	26,490	0		26,490	25,990
Hamilton Hous.Auth.	0.03%	8,830	0		8,830	8,663
Ipswich Housing Auth.	0.35%	103,016	0	27,045	130,061	127,606
Lynnfield Hous.Auth.	0.07%	20,603	0		20,603	20,214
Manchester Hous. Auth.	0.08%	23,546	0		23,546	23,102
Merrimac Hous.Auth.	0.00%	0	0		0	0
Middleton Hous.Auth.	0.05%	14,717	0		14,717	14,439
Nahant Housing Auth.	0.04%	11,773	0	8,069	19,842	19,468
No.Andover Hous.Auth.	0.44%	129,505	0	13,573	143,078	140,377
Rockport Hous.Auth.	0.21%	61,809	0		61,809	60,642
Rowley Hous. Auth.	0.04%	11,773	0		11,773	11,551
Salisbury Hous. Auth.	0.09%	26,490	0		26,490	25,990
Topsfield Hous.Auth.	0.08%	23,546	0		23,546	23,102
Wenham Housing Auth.	0.08%	23,546	0	6,114	29,660	29,100
W. Newbury Hous. Auth.	0.00%	0	0		0	0
<b>TOTAL</b>	<b>100.00%</b>	<b>\$29,433,068</b>	<b>\$0</b>	<b>\$545,420</b>	<b>\$29,978,488</b>	<b>\$29,412,650</b>

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